

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(PUBLIC HEARING)**

April 30, 2002

7:00 PM

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance; this function led by Alderman Sysyn.

A moment of silent prayer was observed.

The Clerk called the roll. There were eleven Aldermen present

Present: Alderman Gatsas, Guinta, Sysyn, Osborne, Pinard, O’Neil, Lopez, Shea,
Garrity, Smith, Forest

Absent: Wihby, DeVries, Thibault

Mayor Baines advised that the purpose of the public hearing was to determine whether the City of Manchester shall consent to a transfer of AT&T’s Cable Franchise to AT&T Comcast Corporation. The City shall consider AT&T Comcast Corporation’s legal, financial and technical qualifications as well as AT&T Comcast Corporation’s cable-related experience and all other matters relative to AT&T Comcast Corporation’s ability and likelihood of adhering to all the terms and conditions of the franchise agreement.

Mayor Baines advised that the meeting shall be open to public comment; that each person when recognized shall come to the nearest microphone, state their name and address in a clear and loud voice for the record; that each person shall be given one opportunity to speak and comments shall be limited to three minutes to allow all participants the opportunity to speak.

Liz Graham, Director of Government Affairs for AT&T Broadband, 6 Campanelli Drive, Andover, MA, stated:

With me here tonight is Jerry Reese from our Epping office in New Hampshire. I have responsibility for our New Hampshire communities as well as Maine and parts of Massachusetts. In order to meet your three-minute time frame I am going to read an introductory statement. I do have some presentation materials that I can pass out. Good evening Your Honor and members of the Board thank you for allowing me this opportunity to speak before you this evening. I am here this evening authorized to represent AT&T Comcast. I have introduced Jerry Reese as manager of Government affairs for New Hampshire. As you know the purpose of this hearing is to consider the transfer of control of

the cable television license from AT&T to AT&T Comcast. Under federal law the City may only consider the transferees technical expertise financial capability and legal ability to operate a cable system under the existing license. While we understand there maybe individual customers' issues raised this evening that may not officially be part of this process. We would like to respond and I have brought a sign-up sheet for anyone who would like us to follow up regarding their issues. The merger is expected to be completed by the end of this year. As the communication industry advances and the demand from consumers for advanced services continues to grow it has become increasingly important to form large clusters of systems. We believe that the combination of cable experience, financial resources and technical innovation that both companies have achieved to date in a long and dynamic history is essential if we are to continue to meet the demands of the consumer both now and in the future. Comcast is one of the most respected cable companies in the industry and like AT&T Broadband is rapidly deploying new technology and services in the communities it serves. We are seeking your consent on the transfer of control this evening and appreciate your efforts in that regard. That is my statement.

Jerry Reese, Manager of Government Affairs for AT&T Broadband, New Hampshire Properties, 334B Calef Highway, Epping, NH, stated:

I am here tonight as Mrs. Graham stated, for if we have some individual customer issues, we would be glad to take those peoples names and addresses and follow up with them as appropriate. Thank you.

Leslee Stewart, Manchester School Board, 205 North Bend Drive, Manchester, NH, stated:

The cable television renewal franchise of October 2000 calls for the franchisee to make three down stream channels available for Manchester peg access use. To date only two channels have been made available, one for public access and one which is shared for educational and government use. I am her this evening to ask that the franchisee immediately activate the third channel exclusively for educational use. Also we would like asking that this not displace the French channel as it had been suggested at an earlier date. We know how important the Franco American culture is to the City of Manchester. We suggest that they move a commercial channel to a higher number because public access indicates that they are to be kept on a basic tier. The School Board is justly proud of the educational programming that has been produced by Manchester community television. We are advocating the prompt activation of this educational channel for a number of reasons. Uses for educational access have increased over time as have governmental access, thus already creating scheduling conflicts. As live connections are added to the school systems we anticipate additional conflicts. Also as a new Superintendent joins our District later this year we anticipate growth in programming relating to new initiatives including the MCTV youth crew, sports programs, the development of a district plan, facility addition and improvement updates during the design built process, a renewed focus on curriculum issues and opportunities for professional development. The need for this additional channel is documented and the

agreement has been in place for 18 months. Please act now and request that dedicated educational channel be activated without delay. Thank you.

Eric Sawyer, 40 Wilmont Street, Manchester, NH, stated:

First off I would like to apologize to Alderman Gatsas because I used a letter this evening in which I had passed out to you in February. What I would like to do is remind you that there is another part of television franchise that goes along with this and it is AT&T Broadband service. I quite frankly find it appalling the way they treat people. This City would not tolerate it if a person walked down Elm Street trying doorknobs to see what they can get into steal, but yet it is okay to do it across the internet specifically with computer programs that are designed only to mind for credit cards. I have a firewall on my computer and I have several hundred hits a day with a computer program that only mines for credit cards. That is somebody who is trying to break into my computer looking for a credit card number. AT&T response to that is that you have to look up who the ISP is send us a report in the right format and then thank you very much, we are most concerned with an automatic return. You try to call and you get nobody, you persist and call and you still get nobody. Finally I was able to get through and found out that they have one full time person devoted to internet crime for the whole network...how many sales people do they have?? I would encourage all of you to take a good hard look at the other side of this franchise, the internet side and make sure that AT&T is a responsible business citizen in the City of Manchester, NH in that regard. Thank you very much.

Leo Bernier, City Clerk of Manchester, NH, stated:

I gave out a hand out in regards to what I will be speaking about because I think it is important that we put this as part of the record. I would like to take this opportunity to introduce two staff members from the City Clerks Office whom on a daily basis deal with the cable complaints that come into our office. The person on my right is Troy Dionne, and the person sitting in the Clerk's position is Nancy Ruggiero. These are the two individuals who actually work with the complaints and with AT&T Broadband Mr. Reese. Our office is here this evening to voice our concerns and to be recorded on behalf of those who have called the City Clerk's office. Beginning in the early 70's the franchise fees were and are still deposited at the City Clerk's office. Since the mid-80's FCC, through their rules and regulations, requires local franchisee's to assign a department to assist with complaints regarding cable. Our staff has always received support from staff of the cable companies who have held a franchise with this City. 98% of the complaints are presently resolved within 72 hours of our intervention. The following list provides the most common complaints received from Manchester citizens and our comments regarding AT&T Broadband Cable. Rate increases, over 70% of all calls do mention the rate increases at AT&T. Elderly rates which are very hard to qualify for and if one does qualify for the rate they can look for between 50 and 77-cent savings per month. People have been placed on hold for well over half an hour. Telephone prompts are easy to get lost in. People get frustrated and end up calling the City Clerk's office. It would appear there are not enough

customer representatives available to handle the calls. Elderly citizens are not helped much by customer service. They are given the City Clerk's number and told to call us for service. At least half of all calls received by the City Clerk's office are from elderly citizens. We do not believe that half of the customer base of the AT&T Broadband are elderly indicating a problem in this area. The preview guide was removed from cable package. Many residents seem to think this is so they will upgrade to the more expensive digital cable package to have this feature. That ends my comments.

Deputy City Solicitor Thomas Arnold III, stated:

I would like to ask Mrs. Graham and Mr. Reese a few questions regarding the proposed.

Mrs. Graham replied she would answer anything and if for some reason we cannot give a complete answer tonight she will submit any further response in writing.

Deputy Solicitor Arnold asked since the last time we spoke Mr. Reese I gathered that AT&T was making some efforts to make the last I-NET hook up here in the City at the JFK Coliseum and I was wondering if you knew what the status is on that?

Mr. Reese replied that we are still working on that as you know in the letter you wrote to me Dinsmore Communications had actually done the work for us a couple of years ago. Our I-NET manager has been talking with the people at Dinsmore, I do not know the exact status today, but they are working on it.

Mrs. Graham replied she had called the I-NET Manager right before this meeting to get an update and Dinsmore is working on the project and expect to have it completed with in the next 30 days.

Deputy Solicitor Arnold replied thank you. Your form 394 which we received a copy of quite frankly left me confused as to what the final form of the corporation that is going to take this transfer is going to be. I note that there are a number of entities involved, some of which appear to be temporary, so if you could give me some update as to what the final corporate structure will look like I would appreciate it.

Mrs. Graham replied she would be happy to do that in fact the hand out that was given out we can refer to. If you turn to page five of the presentation this gives you the final corporate structure of the newly combined entity and starting at the top you have the public shareholders, than AT&T Comcast Corporation which is the new parent company. Below that you essentially have two branches, one which is Comcast Corporation which will hold all of the Comcast cable franchises and the other that is spelled out with a little more detail is the AT&T Broadband side of the tree. You will notice further down the chart the actual cable licenses are held at the very bottom layer. When we are talking about the change of control I want to reassure you that there is no actual change at the entity whose holding the Manchester franchise level. This is all happening at the fifty thousand-foot level.

Deputy Solicitor Arnold asked I gather from what you just said, that the same personnel that are presently assigned or working on the Manchester franchise are going to remain the personnel working on it after this transfer?

Mrs. Graham replied because of the Hart Scott Rodino any trust restrictions, the two companies cannot actually discuss granular personnel issues of that nature right now because of Federal restrictions on combining operations. When I refer to there being no change in the entity holding the Manchester franchise what I wanted to confirm was that the actual legal entity who has the legal responsibility to manage the franchise will not be changing. Whether there will be any personnel changes....there maybe or there may not be, it is just too early to know and the companies are prohibited from having those discussions.

Deputy Solicitor Arnold asked that it would appear from the form 394 that this is basically a stock exchange type of merger,.....so the shareholders of AT&T Comcast Corporation are by in large going to be the present shareholders of both AT&T and Comcast?

Mrs. Graham replied the public shareholders of both AT&T Core and Comcast Corporation will end up being the shareholders of the newly combined company. The cable assets of AT&T Core will be spun off into a standalone entity, which will then merge into a subsidiary of AT&T Comcast Corporation. So there will be public shareholders from both companies who are the ultimate owners.

Deputy Solicitor Arnold asked I note from the materials thatis part of their first step I gather spinning off the cable assets into AT&T Broadband Corporation. I note that in the final merger structure chart there is another limited liability company, AT&T Broadband holdings LLC. What is the purpose of that company?

Mrs. Graham replied that she would like to give you a more complete response in a written format, but I believe the LLC structure is driven by tax concerns from the merger. Let me take that away and respond to you in writing so I get a totally accurate response.

Deputy Solicitor Arnold asked in your 394 form materials that AT&T Comcast Corporation is a new entity and has no prior history of running cable franchises.

Mrs. Graham replied the newly formed company AT&T Comcast Corporation is essentially the sum of its parts, and its parts in this instance are two cable companies, the number one provider and the number three in the country. With each of these entities brings over 30 years of experience in the business to the newly combined company. Although in name this company does not exist or hold cable franchises what it will ultimately be comprised of are two very experienced companies in the industry.

Deputy Solicitor Arnold asked with personnel you can not discuss at this point?

Mrs. Graham replied the actual organization charts are not set at this point, but the as far as the Board of Directors and some of the Senior Officers there is information on that in the 394.

Deputy Solicitor Arnold asked in exhibit seven of the form 394 there is a discussion of a proposed capital structure of AT&T Comcast with a couple of different alternatives and a necessary vote. Has that vote taken place at this point?

Mrs. Graham replied I do not believe that vote has taken place at this point, but I will confirm that in a written response.

Deputy Solicitor Arnold asked from the form 394 itself I believe under the preferred alternative that one individual is going to hold approximately 33.3% of the votes of the corporation?

Mrs. Graham replied you are referring to the partnership serial that is owned by the Roberts family.

Deputy Solicitor Arnold stated that your form 394 lists Brian L Roberts as the holder....of the votes and the representative shares of stock.

Mrs. Graham replied yes.

Deputy Solicitor Arnold stated that in what is labeled as step three of the proposed merger processes there are a couple of corporations labeled, I should say companies AT&T Broadband Acquisition Company and Comcast Acquisition Company. What are the purpose of those organizations were since they do not appear in the later organizational charts.

Mrs. Graham replied in a merger of this nature when you create a newly formed company in order to have AT&T and Comcast merge into it those two entities are what you call shell companies, or special purpose merger vehicles. Their sole purpose is just to give these companies something to merge into and AT&T Broadband and Comcast Corporation will be the surviving entity of those mergers.

Deputy Solicitor Arnold asked to follow up on the City Clerks presentation I note that on April 16 Mr. Reese sent a letter to Mr. Norman of the City Clerks office giving regional phone statistics. I must say there is some improvement I would note for the month of March you answered approximately 92% of the calls within 30 seconds, which is within the customer service standards set forth in our franchise. However noting the statistics from January and February in that same letter I was wondering what assurance you could give us that the March's performance will continue?

Mrs. Graham replied she recognizes from the comments that have been raised this evening that customer service is a significant concern here in the City, and certainly a significant concern for the company. I would like to say for the record that although we're here to

consider the merger at the parent level tonight. I do consider the customer service and compliance issues outside of the scope of tonight's hearings. Part of our customer service challenge are parts and parcel of all of the changes that the company went through last year in terms of migrating customers through new billing platform. We had several programming changes. It was not the most customer friendly environment and we really put our customers through some very difficult changes. This new year is bringing a sharp focus on making some more customer friendly changes. One of the things that was brought up earlier was the automated system in terms of how long it takes you to get through to someone and how many options you have. I am pleased to say we are in the process of overhauling our automated system that will abbreviate the number of choices and get people to a customer service representative with fewer choices. On the phone answering statistics we have seen a very encouraging trend to be over the 90% mark and have been sustaining that. It is certainly our goal to continue to meet that standard and as you pointed out it is a license requirement. We are obligated to meet that standard and the City has enforcement ability to insure our compliance in that regard.

Deputy Solicitor Arnold stated I understand your remarks being outside the process I would respectfully disagree with you. I think that companies future abilities to comply with those requirements given that we may be involved with the same people can be demonstrated by it's past compliance....guess we will leave that for another time.

Mayor Bob Baines stated that it is his understanding that this will be going to the Committee on Administration and the purpose of tonight was to hear public comment. So unless there is something pressing, I think it should go to the Committee on Administration

Alderman Gatsas asked when was the filing for the scotts redino?

Mrs. Graham replied I will have to get back to you, I do not have the exact date but believe it was in the month of January or February shortly after the deal was announced.

Alderman Gatsas asked there has been no Federal response yet?

Mrs. Graham replied none that I am aware of.

Alderman Gatsas asked the approval that you are expecting that is a 180-day window?

Mrs. Graham replied for heart scott redino, so that would put it sometime in the early summer assuming we get approval.....well yea.

Alderman Gatsas asked, that is a 180-day window is that correct?

Mrs. Graham replied I have to confess for I am not an anti-trust expert, and I am just not sure of the answer to that.

Alderman Gatsas stated that everybody should understand that if this approval does not go forward than the merger could not happen.

Mrs. Graham replied that is absolutely true, one of the conditions to the merger is to receive all the regulatory approvals necessary.

This being a special meeting of the Board, no further business was presented, and on motion of Alderman Garrity, duly seconded by Alderman Shea, the meeting was adjourned.

A True Record. Attest.

City Clerk